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SUBJECT: SCENESETTER FOR CODEL DAVIS - AUGUST 5-9

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Summary  
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¶1. (SBU) Post welcomes the August 5-8 visit of CODEL Davis to Colombia. President Alvaro Uribe was re-elected in May; he is the first president to be re-elected to a second, consecutive term in over 100 years. We expect close bilateral relations between the United States and Colombia to continue in his second term, which begins on August 7. With USG help, President Uribe has made great strides in fighting drug trafficking and terrorism. He recognizes U.S. support as key to the success of efforts to re-establish central authority throughout the national territory. As a result of U.S.-Colombian efforts, drug eradication and interdiction are at record levels. USAID programs aim to strengthen democratic institutions, create alternative development opportunities, and assist people displaced by internal violence.

¶2. (SBU) Colombia's human rights record, although imperfect, is improving. The peace process with the United Self-Defense Forces of Colombia (AUC) has resulted in the demobilization of over 30,000 paramilitaries, but rigorous application of the Justice and Peace Law is needed. While exploratory talks with the National Liberation Army (ELN) are focused on establishing an agenda for formal negotiations and a ceasefire agreement, the Revolutionary Armed Forces of Colombia (FARC) have yet to enter into discussions with Uribe. The FARC has held three U.S. citizens for more than three years; their safe recovery is a top priority. The economy is growing and the United States and Colombia concluded Free Trade Agreement negotiations in February.

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Internal Politics  
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¶3. (SBU) President Uribe is the first Colombian president to be re-elected to a second, consecutive term in over 100 years. He was re-elected on May 28 with 62 percent of the vote. A coalition of pro-Uribe parties won a collective majority in the House and Senate on March 12. The left-leaning Polo Democratico Alternativo party presidential candidate, Carlos Gaviria, won 22 percent of the vote, giving the left its best ever showing in Colombia. The Liberal party received 12 percent of the vote, its poorest showing in more than 40 years. Uribe's second inauguration will be held August 7, 2006. Your CODEL will attend as Uribe's special guests.

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U.S. Assistance Key to Security Improvements  
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14. (SBU) USG security assistance is premised on combating the interrelated threats of drug trafficking and terrorism and includes training, material aid, and guidance to security forces and other institutions. Uribe characterizes U.S. assistance as critical to the GOC's "Democratic Security" policy - aimed at establishing a state presence throughout national territory - and considers the United States to be Colombia's most important ally.

-- Plan Patriota: The military's multi-phased campaign to re-take areas dominated by the FARC is in its third year. The first phase, which focused on securing Cundinamarca Department, which surrounds Bogota, pushed the FARC away from the capital and resulted in the deaths of at least five mid-level FARC commanders. The second, more complex phase, is two years old and is focused on the FARC's traditional stronghold in southern Colombia. The operation disrupted the FARC's hold on the region. Sustainment of troops in this isolated region is difficult. Infectious diseases - especially leishmaniasis, a parasitic skin infection - and landmines are the leading causes of military casualties.

-- Despite the Colombian's military's success, the FARC continues to attack isolated or smaller police and military targets throughout the country, while avoiding direct contests with larger units. Two notable exceptions include the late December 2005 attack that killed 29 Colombian soldiers just outside of La Macarena National Park and two attacks on civilians, resulting in 17 dead and 14 injured, in southern Colombia in late February. The May 28 presidential elections, however, were the least violent in recent history.

-- Center for Coordinated Integral Action: With Embassy support, the GOC formed in 2005 an interagency center to facilitate delivery of social services in seven areas that have traditionally lacked state presence and been controlled by illegal armed groups. The Center focuses on providing immediate social services, including documentation and medical care, and longer-term economic development projects. More than 40,000 individuals have been enrolled in state health care. Judges, investigators, and public defenders have been placed in all 16 municipalities of the Plan Patriota area. A public library was opened in early 2006 in the town of San Vicente del Caguan, which had long been dominated by the FARC.

-- Plan Colombia II: The GOC has provided Washington with a draft proposal of Plan Colombia II. Most of the program areas outlined continue the same goals the U.S. has supported since Plan Colombia's inception in 2000. The programs and projected costs of this next phase of Plan Colombia are under discussion.

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Drug Eradication and Interdiction  
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15. (SBU) Eradication and interdiction are at record levels. In 2005, the program surpassed its goal of 130,000 hectares, but did not reach its stated goal of 3,000 hectares of poppy because the 2005 crop was too small to survey. The aerial eradication program has sprayed nearly 101,000 hectares of coca and 231 hectares of poppy as of July 31, 2006. Eradication pilots are having a hard time locating poppy crops, despite devoting more spray weeks to opium, as growers move into more isolated areas.

16. (SBU) The GOC claims it manually eradicated an additional 32,000 hectares of coca in 2005. Manual eradication is a high-cost, high-risk program that combines illicit crop eradication with job creation, and avoids the health and environmental controversies surrounding aerial eradication. President Uribe is a proponent of manual eradication. He launched an ambitious program in January to manually eradicate coca in La Macarena National Park. The Embassy is supporting this effort, but three FARC attacks killed 12

policemen and civilian eradicators in February and March. Another six eradicators were killed by an improved explosive in La Macarena on August 2. The GOC claims to have manually eradicated over 15,000 hectares of coca and 112 of poppy as of July 31, 2006.

¶17. (SBU) Interdiction operations in 2005 met or exceeded 2004's record seizures. GOC security forces destroyed 134 cocaine HCl processing laboratories in 2005 and seized record amounts of processed cocaine (223 metric tons) and coca base. As of August 1, 2006, the GOC has destroyed 92 HCl labs and seized over 85 metric tons of processed cocaine and coca base.

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U.S. Assistance to Development and Democracy Building  
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¶18. (U) The USAID Mission in Colombia funds programs in three key strategic sectors. USAID's Democratic Governance programs aim to improve the transparency of the justice system, assist the peace process, promote respect for human rights, support democratic processes and foster efficiency and accountability. USAID programs also promote legal alternative development opportunities through increased competitiveness, improved local government infrastructure and management, and a more favorable environment for investment and trade. Colombia has the second largest population of internally displaced persons, behind only Sudan. USAID has provided support to nearly 2.7 million Colombians displaced by internal violence. USAID also helps children who have been forced to serve as child combatants.

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Military Justice and Improved Human Rights Record  
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¶19. (SBU) The Uribe Administration continues to make steady progress on human rights cases involving military abuse or collaboration with paramilitaries. We continually emphasize the importance of creating a legal system that delivers credible, timely results. In April 2005, Military Penal Justice Director General Puentes submitted a comprehensive military justice reform package; congress has approved the first measure, but approval for the second stage is pending. A recent incident will test the justice system: on May 22, Colombian army soldiers gunned down 10 members of an elite judicial police squadron in Jamundi, Valle Department. These officers had received DEA training and support and were part of a successful counter narcotics unit. Eight of the army officers involved are under arrest, but jurisdiction (civilian vs. military) has yet to be decided. On June 10, Uribe announced a proposal to ensure civilians investigate and review all criminal cases against military defendants to ensure transparency in human rights cases.

¶10. (U) Human rights training is mandatory for all members of the military and police. Less than two percent of human rights violations are attributable to government security forces, according to GOC statistics. Homicides fell by 16 percent - to the lowest level in 18 years - kidnappings by 62 percent, and forced displacements by 22 percent in 2005, building on trends from previous years. The GOC has a difficult but active dialogue with NGOs, the United Nations, and foreign governments.

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Extradition  
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¶11. (SBU) President Uribe is a strong supporter of the U.S.-Colombia extradition relationship. Since taking office, he has approved more than 350 extraditions to the United States. President Uribe has approved but suspended the extradition of four AUC leaders to ensure their continued cooperation in the AUC demobilization process.

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Demobilization and Peace Process  
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¶12. (SBU) The GOC began negotiations with the United Self-Defense Forces of Colombia (AUC) in 2002. The AUC demobilization process is drawing to a close and nearly all AUC members (more than 30,000) have demobilized since 2003. A few small groups have not participated in the demobilization. Over 10,000 illegal armed group members (from the FARC, ELN and AUC) have individually deserted and entered the government's reinsertion program since 2002.

¶13. (SBU) The reinsertion program has limited funding and logistical problems, but is slowly improving. Colombia has requested U.S. aid for the demobilization and reinsertion process. In FY06, Congress approved up to USD 20 million in demobilization assistance, subject to certification. Consultations continue with the Congress regarding the U.S. intention to spend USD 15.5 million in FY06. The USG has also demarched numerous allies, with some success, to financially support these processes.

¶14. (SBU) President Uribe signed the Law of Justice and Peace, which governs demobilization for ex-paramilitaries, in July 2005. The Law offers demobilized terrorists a five- to eight-year alternate sentence, followed by a two-and-a-half to four-year parole period, but only if they fully demobilize, turn over all assets, release all hostages and child soldiers, and give reparations (actual or symbolic) to victims. Individuals or groups organized for drug trafficking or illicit enrichment are not eligible for reduced sentences, and only crimes committed during membership in the illegal armed group are covered. Rigorous implementation of the law is key to ensuring peace and justice in Colombia.

¶15. (SBU) The National Liberation Army (ELN) began preliminary discussions with the GOC in Cuba in December 2005 aimed at laying the groundwork for peace talks. A second round of talks took place in February and a third in May; a fourth round is set for September. Both the FARC and GOC have publicly announced they are willing to enter into talks, particularly on humanitarian exchange, but the FARC rejected the last seven GOC proposals. New initiatives are in progress.

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U.S. Hostages  
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¶16. (SBU) The three U.S. contractors captured by the FARC in February 2003 are the longest held U.S. hostages in the world. Their safe release continues to be a top priority. The Colombians are providing full assistance. Uribe has assured us that the U.S. hostages will be included in any humanitarian exchange. The Embassy held a commemoration ceremony on February 13, marking the third anniversary of their capture.

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Positive Economic Outlook  
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¶17. (U) Tremendous gains in security have helped boost the Colombian economy. In 2005, Colombia's gross domestic product (GDP) increased by 5.2 and inflation was 4.9 percent, the lowest rate in 50 years. The first quarter of 2006 also started off strong with 5.23 percent growth, while inflation in the first half of the year is well below target at 3.92. 2005 Foreign Direct Investment increased to USD 5.6 billion, an increase of 50 percent over 2004, and first quarter 2006 FDI totaled USD 978 million, which is an increase of 6.8 percent over the same period in 2005. The largest U.S. investors - Drummond (coal), ChevronTexaco and ExxonMobil - are planning considerable expansion due to the improved investment climate. Colombia's exports and imports each increased more than 20 percent in 2005, and the U.S. is Colombia's largest trade partner (approximately 40 percent of exports and 28 percent of imports). Colombian exports to

the U.S. have grown USD 1 billion per year since ATPDEA's inception in late 2002, while U.S. exports to Colombia increased approximately USD 2 billion. Unemployment fell from 18 percent when President Uribe took office to a little more than 11 percent in May 2006. Most of the major rating agencies upgraded Colombia to investment grade in late 2005 and early 2006.

¶18. (SBU) Free Trade Agreement negotiations between the U.S. and Colombia concluded in February. Both countries are verifying the final text of the agreement, and notification to the U.S. Congress will follow completion of that process. The agreement will provide stronger IP protection and give increased market access to key U.S. industrial and agricultural exports. For Colombia, the agreement will create a more attractive investment climate, locks in ATPDEA benefits, boosts their sugar quota, and addresses some of their concerns regarding sanitary and phyto-sanitary.

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